

EZINQOLENI MUNICIPALITY ANNUAL REPORT 2007/2008



P O BOX 108, IZINGOLWENI, 4260
TEL: 039 534 1577/82/4
FAX: 039 534 1585
Email: bhekic27@gmail.com

2007/ 2008 ANNUAL REPORT

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EZINQOLENI MUNICIPALITY

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Introduction and overview

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Mayor's Foreword

To be inserted after compilation before 31 January 2009

Municipal Manager's Statement

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Audit Committee Members and Attendance

In terms of Section 166(4) of the Municipal Finance Management Act (No 56 of 2003), hereafter referred to as the MFMA and the Ezingoleni Municipality's Audit Committee Charter, the Audit Committee consists of at least five members with the majority being external independent members. No councillor may be a member of the Audit Committee.

The Audit Committee consists of the following members listed hereunder and meets at least four times per annum as per its approved charter. During the year under review, the mandatory quarterly meetings and one special meeting were held.

1. Audit Committee Chairperson's Report

To be inserted after compilation before 31 January 2009

2. Audit Committee's Responsibilities

The Audit Committee's responsibilities are outlined in Section 166(2)(b) of the MFMA. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

A summary of the Audit Committee's responsibilities in terms of the MFMA and its charter is that it is responsible for, among other things, the following:

Auditors and External Audit

Discuss and review with external auditors, *inter alia*:

- the nature and scope of the audit function;
- agreeing to the timing and nature of reports from the external auditors;
- considering any problems identified in the going concern of the municipality;
- review the Auditor-General's management letter and management response; and
- meeting the Auditor-General at least annually to ensure that there are no unresolved issues of concern.

Annual Financial Statements

- Review significant adjustments resulting from the audit;
- review effectiveness of the internal audit;
- review risk areas of the operations to be covered in the scope of the internal and external audits; and
- review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information.

Member Number of Meetings attended

Mr Anil Ramnath	Chairperson
Mr David Parry	
Mr Silas Hlophe	
Mr Sipho M. Nsusha	Acting Municipal Manager
Mr Thokozani Vezi	Acting Chief Financial Officer

Internal Control and Internal Audit

The monitoring and supervising of the effective function of the internal audit, including:

- evaluating performance, independence and effectiveness of internal audit and external service providers through internal audit;
- reviewing the effectiveness of the internal controls and to consider the most appropriate system for the effective operation of its business; and
- initiating investigations within its scope, e.g. employee fraud, misconduct or conflict of interest.

Ethics

Reviewing the effectiveness of mechanisms for the identification and reporting of:

- any material violations of ethical conduct of councillors and municipal staff;
- compliance with laws and regulations; and
- environmental and social issues.

Compliance

- Carrying out investigations into financial matters as Council may request; and
- reviewing the effectiveness of mechanisms for the identification and reporting of:
- compliance with laws and regulations, and
- the findings of regulatory bodies or audit observations.

The Audit Committee is satisfied that it has complied with its responsibilities and has discharged them properly and efficiently.

3. The Effectiveness of Internal Controls

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King II Report on Corporate Governance requirements, internal audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the annual financial statements, the matters of emphasis and management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period underreview was effective. The Audit Committee is satisfied with the internal controls in place and overall adherence to those controls.

4. The Quality in Year Management and Monthly/ Quarterly Report Submitted in Terms of the MFMA

The Audit Committee has not received and reviewed certain performance management reports and is unable to comment on the content and quality of these monthly and quarterly reports. Except for the abovementioned reports, the Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and management during the year under review.

5. Internal Audit Function

During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of projects undertaken by Internal Audit, arising from the risk assessment:

- Fleet Management
- Asset Management Review
- Financial Statement Close Process
- Order to Cash
- MFMA Compliance Review
- Follow up Reviews

Audit Committee Chairperson's Report Ezingqoleni Annual Report 2007/2008

6. Evaluation of Annual Financial Statements

The Audit Committee has:

- reviewed the Auditor-General's management letter and management responses;
- reviewed the accounting policies and practices; and

7. Conclusion and Appreciation

Overview of the Municipality

Profile of the Municipality

To be inserted after compilation before 31 January 2009

Population

To be inserted after compilation before 31 January 2009

Financial Services Section

Overview

The section was headed by the Chief Finance Officer, Mr V. S. Sotshede. He resigns with effect from 01 September 2007. Council requested the assistance from the Ugu District Municipality while looking for the new Chief Financial Officer. Ugu District Municipality seconded Mr T. Vezi to be the Acting C.F.O. for Ezinqoleni Municipality.

Function of the Financial Services

It is the responsibility for financial planning and management; the financial services prepared procedure timeously and monthly, quarterly and annually basis to national and provincial departments where municipal grants are received. The preparation of annual financial statements, exercising financial discipline through effective, efficient, economical budgeting and implementation of the Supply Chain Management Policy.

The Finance Officer is responsible for co-ordinating the entire budget process through variance analysis table, processing and epilating the general ledger, creditors, fixed asset register updating and maintenance, bank reconciliations, heading the supply chain management of the municipality. He is reporting directly to the chief finance officer. The Salaries Clerk is responsible for preparation and processing of all salary related payments.

Annual Priorities

- Training and development of financial and non financial staff.
- Preparation and review of all financial related policies.
- Preparation of Annual Financial Statement which will results in a better audit opinion than prior year 06/07

Supply Chain Management

The fundamental role and responsibility of supply chain management function is to implement the SCM policy in terms of Section 111 of the MFMA, giving effect to section 217 of the constitution, and Part 1 of chapter 11 and other applicable provisions of the act, in a fair, equitable, transparent, competitive and cost effective manner. It does so in compliance with the regulations framework prescribed in chapter 2 of the SCM regulations; and any minimum norms and standards that may be prescribed in terms of section 168 of the act.

Range of Procurement Process

- Petty cash purchases, up to a transaction value of R1,000
- Written quotation for purchases above R1,000 up to R2,000
- Three written quotation for purchases above R2,000 up to R 10,000

- Formal written price quotations for procurements above R10,000 up to R100,000
- Competitive bidding for the transaction above R100,000 and the procurements of long term contracts.

Credible supplier's database maintenance is part of the functions that is performed in the financial services.

Functions of the Supply Chain Management Policy

The function of the Finance Services Section under Supply Chain Management section is to administer the following:

- Through the monitoring by the Provincial Treasury (SCM Unit) as regards the status on the implementation of the SCM policy through SCM Forums and regular visits to the municipality.
- Through the oversight role of the municipal council by continuous assessment of the policy implementation progress through monthly reports to the council subcommittee responsible for budget, monitoring and evaluation.
- The Accounting Officer through the CFO strategically manages the day to day SCM policy implementation, especially the establishment and maintenance of the suppliers database that promote rotation of suppliers, and other SCM systems.

ORGANISATIONAL STRUCTURE

ADMINISTRATION

To be inserted after compilation before 31 January 2009

CORPORATE SERVICE

To be inserted after compilation before 31 January 2009

Technical and Community Services

Overview

The section is headed by the Director of Technical and Community Services, Mr S.M.Nsusha. It has the Technical and Community Services divisions.

PROJECT FOR 07/08

1. Ezinqoleni Library
2. Izingolweni Taxi Rank
3. Hawkers Kiosks

4. Ezingoleni Town Establishment
5. Burial Assistance to the indigent – 42
6. Ugu Lwethu – 25 Youth
7. Horseshoe Farm – 120 – 40 per Traditional Authority
8. Horseshoe Farm – Mini Tractors
9. HIV/ AIDS Kits

ACCESS ROADS					
NO.	WARD 1	WARD 2	WARD 3	WARD 4	WARD 5
1.	Thuthuka Access Road	Masola Access Rd	Thembalesizwe Access Rd	Smakadeni Access Rd (approved for 09/10)	Sgxakagxakeni Access Rd
2.	Ntabazwe Access Road	Ndlovu Access Rd	Khomo Access Rd	Etsheni Access Rd	Mansfield Access Rd
3.	Nozigaba Access Rd	Phuthumani Access Rd	Mqadi Access Rd	Berea Access Rd	D9042 – P57
4.	Mashembeni Access Rd	Mtateni Access Rd	Dakane Access Rd	Jozzi Access Rd	Mthavuna Access Rd
5.	Damini Access Rd	Okhalweni Access Rd	Mthembu Access Rd	Nqabeni Access Rd	Mfundwenhle Access Rd
6.	Ntande Access Rd	Phongokazi Access Rd	Church of Life Access Rd	Mfazigcwele Access Rd	Zamani Access Rd
7.	KwaNyuswa Community Hall Access Rd	Mshweshwe Access Rd	Khandalesizwe Access Rd	Bathenjini Access Rd	Nkwanyane Access Rd
8.	Mshiywa Access Rd	Ngwenya Access Rd	Mtshali Access Rd	Bhuka Access Rd	Mpayanisi Access
ACCESS ROADS CONTINUES					
	WARD 1	WARD 2	WARD 3	WARD 4	WARD 5
9.	Mahlabathini and Bar Access Rd	Isidlidlini Access Rd	Qhinqa Access Rd (Approved for 08/09)	Bhobheni Access Rd	Mpofana Access Rd
10.	Mbizana Access Rd	Hlophe Access Rd	Jamehlungwini Access Rd	Smakadeni (Approved for 08/09)	Bangimali Access Rd
11.	Masolomoni Access Rd	Ndlela Access Rd	Lonjane Access Rd		Ntonga Access Rd
12.	Sinqawini Access Rd	Ekuthuleni Creche Access Rd	Mthandazi Ndlovu Access RdShange Access Rd		Mgodi Access Rd
13.	Banginyama Access Rd	Nyawose Access Rd	Ngcobo/ Khalweni		Ridge Access Rd

	WARD 1	WARD 2	WARD 3	WARD 4	WARD 5
1.		Nhlanhlane Project	Senzakahle Project	Thandokuhle Club	Mbeni Poultry Project
2.		Siyazama Project	Zenzele Project	Mthembu Club	Mbusozayo Project
3.		Tobo Community Garden	Vukuzenzele Project	Masakhane Community Garden	Sithandimpilo Project
4.		Sqalo Creche	Phezukomkhono Project	Mabakhane Godloza	Mahlubini Project
5.		Siyathuthuka Project	Emanxiweni Project		Izingolweni Women's Project
6.		Ekuthuleni Project	Hlanganani Project		Ntabankulu Project
7.		Sthokozile Club	Savelanathi Project		Nikela Club
8.		Masimbonge Project			Thuthukani Mahlubi
9.					Thina Project
Distribution of Ploughing Mini-Tractors					
	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5
1.	Mahlabathini Community Garden		Ntilini Community Garden	Zamukulunga Community Garden	Mthavuna Community Garden
2.			Senzakahle Community Garden		Mthimude Clinic Garden
3.			Savela Community Garden		Izingolweni Womenn's Project
LED PROJECTS					
NO.	WARD 1	WARD 2	WARD 3	WARD 4	WARD 5
1.	Zamani Project (Poultry Project)	Phongokazi Club (two pole tents plus 100 chairs)	Tripple G's (Musical Instruments)	Thola Inhlakanipho (Poultry Project)	Sinethemba (Public Phones)
2.	Eyethu Poultry Project (Poultry Project)	Dlovinga Crèche (2 pole tent and 100 chairs)	Mayibuye Group (Recording)	Hlelolusha (Public Phones)	Masakhane (Grass Cutter)
3.	Siyaphambili Co-operative (Grass-cutting)	Hlanganani Project (Fencing of community gardens)	Soul Healers (Maintenance equipment)	Zizamele Project (Public Phones)	Uhlanganani Project (2 pole tent and 100 chairs)
4.	Emmanuel Gospel	Nhlanhlani Project	Tissue Making Project	Thembalihle Club	Ezingqoleni Dance

	Group (Musical instruments)	(Fencing of community Gardens)		(Grass-cutting machines)	Club (Music System)
5.	26 Ivangeli Gospel Group (Musical instruments)	Zamandoda Project (Fencing of block making project)		Siyaphambili Club (Public Phones)	Mighty Elders of God (Sound equipment)
6.		Kwamantshayi Project (public phones)		Sizanani Project (Public Phones)	CGB Group (Music System)
7.		Phongokazi Project (Public phones)		Sonqoba Club (Carpentry Project)	Siyaphambili Project (Public Phones)
8.				Inkululeko Club (Grass mate making project)	Thutho Project (Electricity Card Machine)
9.					
COMMUNITY HALLS					
NO.	WARD 1	WARD 2	WARD 3	WARD 4	WARD 5
1.	Mahlabathini MPCC		Mpunzi MPCC	KwaNdunu MPCC	Mahlubini MPCC
2.			Ndimeni MPCC		
SANITATION/ TOILETS					
	VUKUZITHATHE	KWANYUSWA		MTHIMUDE	
1.	2 466 units	708 units		739 units	
ELECTRICITY					
	VUKUZITHATHE	KWANYUSWA		MTHIMUDE	
1.	Vukuzithathe is 100% electrified only thing pending is the infills.	Out of 5 wezigodi, only 2 are not electrified i.e. Thonjeni, Nkunswana and Mahlabathini		Out of 10 wezigodi, only 2 are not electrified i.e. Mahlubini and Mthavuna -Mahlubini is approved for 2009	

FINANCIAL REPORTS

ANNUAL FINANCIAL STATEMENT

To be inserted after the finalization of the audit and presentation of the report before 31 January 2009